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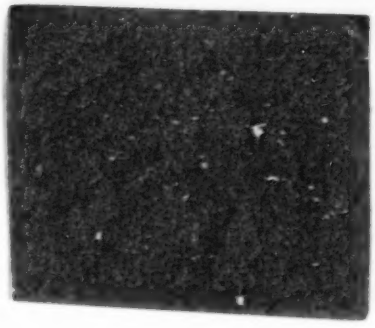

Industrial Development Board

Resumed eighteenth session
Vienna, November 1997
Item 4 (i) of the provisional agenda

Programme and Budget Committee

Thirteenth session
Vienna, 8-11 September 1997
Item 11 of the provisional agenda

WITHDRAWAL OF THE UNITED STATES OF AMERICA

Issues arising from the withdrawal of the United States

Report by the Director-General

Summary

Reports on discussions with the United States authorities on the matters covered in Board decision IDB.16/Dec.11.

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Introduction

1. In its report to the twelfth session of the Programme and Budget Committee and to the sixteenth session of the Industrial Development Board, the UNIDO Secretariat drew the attention of the Board to some of the legal and financial implications of the withdrawal of the United States of America from UNIDO.

2. The Board, in its decision IDB.16/Dec.11, requested the Director-General to continue his discussions with the United States authorities on issues arising from the withdrawal and to report to the seventeenth session of the Industrial Development Board.

3. Following the rescheduling of the thirteenth session of the Programme and Budget Committee (IDB/S.7/Dec.2, IDB.17/Dec.10), this document is now being submitted to the Committee and to the Board as a report on the initiatives undertaken by the Director-General in pursuance of the above-mentioned Board decision.

I. OUTSTANDING PAYMENT OF ASSESSED CONTRIBUTIONS

4. In a letter to the United States Secretary of State, Ms. M. Albright, dated 3 March 1997, the Director-General gave a detailed account of the amount of assessed contributions still payable by the United States and requested her assistance in ensuring that the United States Government meets its payment obligations without delay.

5. By letter of 31 March 1997, the United States Assistant Secretary of State for International Organization Affairs thanked the Director-General for his letter of 3 March to the Secretary of State and informed him as follows:

> "As you are aware, although the Administration requested funding for payment of US assessed contributions and partial payment of arrearages for the past two years, the report language accompanying our FY 1996 and 1997 budget legislation explicitly precluded payments to several international organizations, including UNIDO. This language reflects the strong will of the U.S. Congress, and the Administration has no alternative but to comply. As a result, we have been unable to make any payments to UNIDO during 1996 or 1997. The Administration's request for a partial payment of arrearages for UNIDO from the FY 1998 appropriations is still pending.
>
> Let me close by assuring you that the United States recognizes its responsibilities to UNIDO with respect to payment of its arrearages and we will continue to make every effort to secure Congressional approval of the Administration's request."

II. IMMUNITIES AND PRIVILEGES IN THE TERRITORY OF THE UNITED STATES

6. As a result of initiatives undertaken by the UNIDO Secretariat, and with the support of various United States institutions, the United States Government decided to accord UNIDO as of January 1997 a six-month period of time before an Executive Order was issued terminating the Organization's privileges and immunities in the United States. It should also be noted that legislation providing for the long-term extension of privileges and immunities to UNIDO is being considered by the United States Congress and might be adopted in the near future.

III. OPTIONS FOR THE COLLECTION OF ARREARS

7. In pursuance of Board decision IDB.17/Dec.3, which requested the Director-General, in the context of proposed United States legislation prohibiting the payment of arrears to UNIDO, to "explore all possibilities for the collection of arrears", the Director-General will submit a further report to the Board, to be considered at its resumed eighteenth session, regarding the options available to UNIDO for the collection of such arrears. At the same time, contacts with United States authorities will be pursued in order to convey to them the concerns expressed by the Board in connection with the above-mentioned United States legislation.

IV. ACTION REQUIRED OF THE COMMITTEE

8. The Committee may wish to take note of the information contained in the present document.